

**RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**The Narragansett Electric Co. d/b/a National Grid –
Application for Approval of a Change in Electric and
Gas Base Distribution Rates
(filed on November 27, 2017)**

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Docket 4770

**NEW ENERGY RHODE ISLAND
SECOND SET OF INTERROGATORY REQUESTS**

(NERI 2-1 through NERI 2-4)

1. Unless otherwise specified below, “the Company” and “Narragansett” refers to the Narragansett Electric Co. d/b/a/ National Grid.
2. Where work papers are requested, please provide work papers in Excel format.

The Narragansett Electric Co. d/b/a National Grid—Application for Approval of a Change in Electric and Gas Base Distribution Rates (filed on November 27, 2017)

Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI 2-1 through NERI 2-4
Date of Request: 3.9.18
Response Due Date: Rolling
Subject/Panel: Book 1—Horan

- 2-1. Reference p. 7. Mr. Horan speaks of change as a cost driver. In what ways might change bring savings?
- 2-2. Reference the statement on p. 17, ll. 1-4, that “the Company will invest a total of \$100.6 million in electric distribution infrastructure and \$122 million in gas infrastructure projects, as compared to \$50 million and \$40 million invested in Fiscal Year 2013, respectively.” Has the Company conducted the cost benefit analysis established in docket 4600 for these expenditures? If not, please describe the cost-benefit analysis, if any, that the Company conducted.
- 2-3. Reference p. 23, ll. 7-9, stating that “The Company is proposing a return on equity of 10.1 percent at the lower end of the range of the market cost of equity determined by Mr. Hevert using his methodological approach, as he discusses in detail in his testimony.” Is the Company’s proposed ROE of 10.1% higher or lower than the Company’s estimate of the IRR that it believes is adequate for projects developed through the REG program? If higher, why is NGrid entitled to a higher return from its customers than is needed to spur private investment?
- 2-4. How does utility ownership of solar and storage projects comport with the restructuring required per RIGL 39-1-27?

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**NEW ENERGY RHODE ISLAND
THIRD SET OF INTERROGATORY REQUESTS**

1. Unless otherwise specified below, “the Company” and “Narragansett” refers to the Narragansett Electric Co. d/b/a/ National Grid.
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The Narragansett Electric Co. d/b/a National Grid—Application for Approval of a Change in Electric and Gas Base Distribution Rates (filed on November 27, 2017)

Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI 3-1
Date of Request: 3.9.18
Response Due Date: Rolling
Subject/Panel: Book 2—Hevert

- 3-1. Reference p. 70, l. 4 through p. 71, l. 18. Does the Company consider performance-based ratemaking to be a revenue stabilization mechanism? Could performance-based ratemaking, combined with decoupling or other revenue-stabilization mechanisms, minimize “risk” to the Company? Is the Company suggesting that no amount of reduction in “risk” due to revenue-stabilization mechanisms could ever lead to a reduction in ROE when the proxy companies have revenue stabilization mechanisms in place?

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Docket 4770

**NEW ENERGY RHODE ISLAND
FOURTH SET OF INTERROGATORY REQUESTS

(NERI 4-1 through NERI 4-4)**

1. Unless otherwise specified below, “the Company” and “Narragansett” refers to the Narragansett Electric Co. d/b/a/ National Grid.
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The Narragansett Electric Co. d/b/a National Grid—Application for Approval of a Change in Electric and Gas Base Distribution Rates (filed on November 27, 2017)

Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI- 4-1 through 4-4
Date of Request: 3.9.18
Response Due Date: Rolling
Subject/Panel: Book 3—Gredder and Poe

- 4-1. Reference the statement on p. 7, ll. 4-7, that “Narragansett Electric adjusted the results of these revenue class econometric forecast models to account for impacts from future cumulative energy efficiency programs and photovoltaics installations. Narragansett Electric used future estimates of these resources to reduce the econometric forecasts.” Did the Company adjust the results for impacts from future cumulative wind installations, demand management programs, electric heat pump installations, or other distributed energy resources? If not, please describe why not.
- 4-2. Reference p. 26, l. 21 through p. 27, l. 2. Does the Company’s downward projection of load include distributed energy resources other than energy efficiency reductions? Does the Company propose to apply any savings attributable to negative load projections resulting from energy efficiency reductions and/or other DER deployment to the Company’s projected cost of implementing its proposed PST Plan?
- 4-3. Reference p. 20, l. 1-6. Does the Company’s forecasted increase of natural gas deliveries take into account any potential reductions in natural gas use attributable to the Company’s proposed PST Plan, including, but not limited to, programs relating to heat pumps or other electrification of heating? If not, please describe how and on what time frame the Company proposes to account for the natural gas delivery reduction benefits attributable to its proposed PST Plan.
- 4-4. Reference p. 20, l. 1-6. Does the Company’s forecasted increase of natural gas deliveries take into account any potential reductions in natural gas use attributable to the Company’s proposed PST Plan, including, but not limited to, programs relating to heat pumps or other electrification of heating? If not, please describe how and on what time frame the Company proposes to account for the natural gas delivery reduction benefits attributable to its proposed PST Plan.

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Docket 4770

**NEW ENERGY RHODE ISLAND
FIFTH SET OF INTERROGATORY REQUESTS**

(NERI 5-1 through NERI 5-5)

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Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI- 5-1 through 5-5
Date of Request: 3.9.18
Response Due Date: Rolling
Subject/Panel: Book 4—Rosario, Jr., Amaral III, Constable, and Isberg

- 5-1. Reference p. 12, ll. 19 through p. 13, l. 3. Did the Company factor in project completion rates in its workload expectations?
- 5-2. Reference the statement on p. 65, ll. 13-18, that “In addition to all other driving factors, the Company is experiencing increased workload from the June 14, 2016 RIPUC No. 2163 Standards for Connecting Distributed Generation revision requirement that the Company perform cost reconciliations for all projects with system modifications. The workload arising from the required reconciliations has resulted in a substantial amount of increased work given the rapid increase of DG interconnections in Rhode Island.” Please provide copies of all resulting audit reports and an account of how much the resulting audits saved your distributed generation customers.
- 5-3. Reference the statement on p. 72, ll. 12-15, that “Although the Company has not performed a cost-benefit analysis in relation to hiring additional DG personnel, the proposal presents qualitative considerations in the form of the benefits discussed above, and will further the state’s renewable energy goals. As a result, the Company’s proposal for additional personnel is consistent with the Docket 4600 Guidance Document and should be approved.” Please explain why the Company did not perform a cost-benefit analysis in relation to hiring additional DG personnel. How can the Company claim the proposal is consistent with Docket 4600 Guidance Document if the Company did not conduct the analysis called for in the Docket 4600 Document?
- 5-4. Why the large investment in an energy innovation hub just before this rate case? Who authorized/controlled expenditure? Subjected to docket 4600 cost benefit analysis? Why do customers need this more than other investment priorities? Now seeking forgiveness rather than approval?
- 5-5. Reference the statement on p. 43, ll. 5-8, that “The Company proposes to recover half of the total costs, or \$237,500, through base distribution rates, and has sought to recover the other half of the costs, \$237,500, through its Energy Efficiency Program Plan for 2018, which was filed November 1, 2017 in Docket No. 4755.” Has the Company already begun implementation of the Hub program? If so, how does the Company propose to treat its investment if the Commission rejects the proposal? Did the Company conduct any cost/benefit analysis of the Hub proposal here or in the Energy Efficiency Program Plan proposal?

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Docket 4770

**NEW ENERGY RHODE ISLAND
SIXTH SET OF INTERROGATORY REQUESTS

(NERI 6-1 through NERI 6-3)**

1. Unless otherwise specified below, “the Company” and “Narragansett” refers to the Narragansett Electric Co. d/b/a/ National Grid.
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The Narragansett Electric Co. d/b/a National Grid—Application for Approval of a Change in Electric and Gas Base Distribution Rates (filed on November 27, 2017)

Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI- 6-1 through 6-3
Date of Request: 3.9.18
Response Due Date: Rolling
Subject/Panel: Book 7—Bhargava, Demauro and Ravipaty

- 6-1. Reference the statement on p. 6, ll. 8-10, that “In Rhode Island specifically, National Grid estimates that the implementation of Gas Business Enablement will improve the Company’s ability to provide safe, reliable, and cost-effective delivery of natural gas to its customers.” Did the Company conduct a cost/benefit analysis of its Gas Business Enablement program?
- 6-2. Reference the statement on p. 44, ll. 8-10, that “Gas Business Enablement Program costs will be allocated using the customer cost causation allocator under the guidelines of the Service Company Cost Allocation Manual.” Please provide references to the ratemaking principles, and any supporting reports, analyses, or other documentation supporting the Company’s proposed allocation methodology.
- 6-3. Reference the statement on p. 44, ll. 10-14, that “The majority of the program will be allocated among National Grid’s gas distribution operating companies, with the exception of two workstreams: (i) Scheduling, Dispatch, and Mobility and (ii) Customer Engagement. These two workstreams will provide benefits to the electric distribution companies and therefore the costs associated with them will be shared with National Grid’s electric distribution affiliates.” Please list and describe in detail all of the “benefits to the electric distribution companies” referenced in the statement.

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**NEW ENERGY RHODE ISLAND
SEVENTH SET OF INTERROGATORY REQUESTS**

(NERI 7-1 through NERI 7-3)

1. Unless otherwise specified below, “the Company” and “Narragansett” refers to the Narragansett Electric Co. d/b/a/ National Grid.
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The Narragansett Electric Co. d/b/a National Grid—Application for Approval of a Change in Electric and Gas Base Distribution Rates (filed on November 27, 2017)

Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI- 7-1 through 7-3
Date of Request: 3.9.18
Response Due Date: Rolling
Subject/Panel: Book 12—Gorman

- 7-1. Reference p. 12, ll. 12-16. Does the Company’s 2012 methodology, developed prior to the launch of Rhode Island’s Power System Transformation process, align with the Commission and Rhode Island’s Power System Transformation goals?
- 7-2. Reference the statement on p. 23, l. 14 through p. 24, l. 3, that “The guiding principles for rate design are: Produce the target revenue for each rate class, as determined in the revenue allocation process; Promote efficient use of resources, ultimately reducing costs to customers; Produce costs for customers and revenue for the utility that are reasonably stable and predictable while reflecting the nature of the costs they recover; (i.e., recovering customer-related costs in the monthly fixed charge); and Mitigate extreme rate impacts on customer subgroups.” Please provide supporting references (including, but not limited to, reports, studies, papers, and RI PUC orders) for each of the guiding principles articulated above. Did the Company consider Docket 4600 principles in developing its “guiding principles for rate design”?
- 7-3. Reference the statement on p. 27, ll. 1-3, that “In my view, it is appropriate to include some portion of demand-related costs in the monthly charge, in order to align the utility’s revenue and costs more closely, and to help stabilize the utility’s revenue and customers’ costs.” In determining the amount of demand-related costs to include in the monthly charge, has the Company accounted for peak demand reductions attributable to customers who implement DER solutions, including, but not limited to solar installations, demand response program participation, battery or other storage technology, and energy efficiency? Please provide a response to this question for each of the following rate classes:
 - a. A-16 and A-60;
 - b. G-02;
 - c. C-06; and
 - d. G-32.